



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

January 31, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

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Second District

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Fifth District

STATUS REPORT ON THE PROPOSED PLAN TO IMPLEMENT THE 1115 MEDICAID WAIVER INITIATIVE (ITEM NO. S-1, AGENDA OF FEBRUARY 1, 2011)

Item No. S-1 on your Board's February 1, 2011 Agenda, is the Health Department Budget Committee of the Whole and report on the status of the 1115 Medicaid Waiver (Waiver). This memorandum provides supplemental information regarding the Department of Health Services' (DHS) efforts for the Waiver implementation since the report by DHS dated November 30, 2010.

On November 16, 2010, your Board directed the Chief Executive Officer (CEO), the Interim Director of DHS, and the Directors of the Departments of Mental Health (DMH) and Public Health to report back to the Board within 30 days, and monthly thereafter, on a proposed plan to implement the Waiver. The proposed plans should include descriptions of the following: 1) the Low Income Health Programs; 2) payment methodology to private providers that will be included in the Waiver program; 3) protocols for the performance-based Incentive Pool; 4) drawing down Safety Net Care Pool uncompensated care funds; 5) partnership with LA Care to move seniors and persons with disabilities into managed care; 6) preparation of workforce to implement the Waiver; 7) pressing outside technical assistance needs to ensure the County can immediately take advantage of this Waiver; 8) enrollment, revenue, and expenditure projections; 9) monitoring of implementation efforts; 10) implementation timeline for system and infrastructure developments needed to comply with milestones and expectations established by the Waiver; and 11) integration of health, mental health, and alcohol and substance abuse programs.

"To Enrich Lives Through Effective And Caring Service"

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In addition, on December 7, 2010, your Board directed the CEO and the Directors of DHS and DMH to work with the Association of Community Human Service Agencies and the Community Clinic Association to report back to the Board within 60 days on a timeline and process to identify program sites to pilot the concept of patient-centered behavioral health care homes. Subsequently, we were also asked to include the California Association of Alcohol and Drug Program Executives.

Prior to reaching out to these noted associations, the departments needed further information to assess and formulate an overall framework for integrating health, mental health, and substance abuse programs. Although there was a need to focus on internal policy and strategy matters, the departments will reach out to the noted associations and are targeting a meeting for the week of February 7. As this is related to the Waiver implementation plans, this item will be addressed in the monthly updates provided for the motion outlined above.

As previously reported, on November 2, 2010, the Centers for Medicare and Medicaid Services (CMS) approved the California Section 1115 Medicaid Demonstration, entitled "California's Bridge to Reform," for a five-year period starting November 1, 2010. Many details of this Waiver are still being addressed, including the allocation of funding to individual counties across the State.

Implementation of the Waiver is a major County undertaking and although details have not been finalized, DHS and DMH are diligently working on 12 critical elements/plans of this important initiative. A summary and status for each of the 12 components is described in the Attachment. Our next status report to your Board is targeted for March 1, 2011.

If you have any questions, please contact me or your staff may contact Sheila Shima, Deputy Chief Executive Officer, at (213) 974-1160.

WTF:SAS
MLM:gl

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Health Services
Mental Health
Public Health

WAIVER INITIATIVE
PROPOSED IMPLEMENTATION PLANS
LOS ANGELES COUNTY

Waiver Element/Plan	Status
<p>1. Low Income Health Programs (LIHP):</p> <ul style="list-style-type: none"> • Proposed scope of health, mental health and alcohol and drug benefits; • Eligibility requirements; • Enrollment, disenrollment and redetermination procedures or limitations; and • Identification and movement of eligible residents into coverage as efficiently as possible. 	<p>DHS will build upon its existing Healthy Way LA (HWLA) program, which currently has 52,000 active members. This program currently meets some LIHP requirements and will provide the framework for the County's Medicaid Coverage Expansion (MCE) program.</p> <p>The DHS Ambulatory Care Team is reviewing the required scope of services and access standards to develop an implementation plan for the MCE. DHS does not plan to implement a HCCI program at this time, due to low numbers of potential members and costs associated with meeting program requirements. DHS will revisit this issue for future years of the LIHP.</p> <p>The State has released a LIHP application and instructions, with a due date of February 14, 2011.</p> <p>Eligibility requirements for enrollees are set forth in the Waiver's Standard Terms and Conditions (STCs). Enrollment and redetermination procedures will comply with State requirements.</p> <p>DHS and DMH have conducted a data match to identify patients using services in both departments; these patients will be given priority for enrollment in HWLA. DMH staff will be trained on eligibility requirements and enrollment procedures; a "train the trainer" session has been scheduled for February 10, 2011. DMH staff will work with eligible patients needing special assistance to ensure successful enrollment.</p>

Waiver Element/Plan	Status
	<p>DHS, DMH and DPH have held several joint meetings to discuss the inclusion of mental health and limited substance abuse benefits in the LIHP. DPH has decided not to include substance abuse benefits in the LIHP at this time; however, the departments will continue to pursue integrated services outside the scope of the LIHP.</p> <p>See below for additional information on mental health benefits in the LIHP.</p>
<p>2. Proposed payment methodology to private community clinics, hospital partners, and any other providers, including description of how payments will encourage and reward best practices and will ensure that an adequate network of providers exists.</p>	<p>Following the STCs, private community clinics with Federally Qualified Health Center (FQHC) or FQHC look-alike status will be paid according to the Prospective Payment System for services provided to HWLA members. Existing PPP contracts, HWLA contracts and SB 474 contracts will all require revision. Discussions with the PPPs are underway to determine the payment methodology.</p> <p>Non-network private hospitals will be reimbursed for emergency and post-stabilization care provided to HWLA members.</p> <p>DHS has initiated negotiations with three hospitals for services in areas of the County that are not served by a County hospital. If negotiations are not successful, the County must provide transportation to County hospitals for patients residing in those areas. Discussions have begun with Antelope Valley Hospital, University of California Los Angeles, and a private hospital in the east San Gabriel Valley.</p> <p>Since payments to FQHCs are based on per visit rate, they do not encourage and reward best practices. DHS will explore the possibility of moving to a bundled or capitated payment. For the</p>

Waiver Element/Plan	Status
	LIHP, DHS and PPPs are discussing alternative payment methodologies that may be permitted under the Waiver.
<p>3. Protocols for annual Delivery System Reform Incentive Payment Pool (DSRIP), including performance measures around infrastructure development, innovation and redesign, population-focused improvements and urgent improvements to care.</p>	<p>The California Association of Public Hospitals (CAPH) is still working with Centers for Medicare and Medicaid Service (CMS) and the State to finalize a framework for submission of the milestones. DHS is developing its milestones to align with CMS goals and to prepare the Department for healthcare reform in 2014. Since discussions with CMS are not complete, the target date by which plans must be finalized and submitted to the State is tentatively set for February 8, 2011, with expected CMS approval by April 2011.</p>
<p>4. Plans to draw down the Safety Net Care Pool (SNCP) uncompensated care funds, including plan for coverage of individuals between 133 percent and 200 percent of the Federal Poverty Level, to sustain payments to providers until the new Martin Luther King, Jr. (MLK) hospital is fully operational and to claim federal financing for workforce development programs funded by community colleges and universities.</p>	<p>The programs funded from the South L.A. Fund will continue until the new MLK hospital is fully operational. These include impacted hospital payments, PPP augmentations, strategic initiatives, and funding for operation of the MLK Multi-Service Ambulatory Care Center. Funding for these services will come from the Safety Net Care Pool and the Medicaid Coverage Expansion.</p> <p>DHS does not plan to implement a HCCI program at this time, due to low numbers of potential members and the costs associated with meeting program requirements. DHS will revisit this issue for future years of the LIHP.</p> <p>The State has used all available existing workforce development programs in the state as the nonfederal share to claim Waiver funds. As part of the development of the DSRIP plan for the County, DHS has worked with the Worker Education and Resource Center [the SEIU 721-affiliated entity] to develop proposals for worker training for consideration within the DSRIP.</p>

Waiver Element/Plan	Status
5. Efforts to partner with LA Care to move seniors and persons with disabilities (SPDs) into managed care.	<p>The State expects to begin mandatory enrollment of SPDs into managed care in June 2011, with a 12-month transition period.</p> <p>As reported to your Board in the December 22, 2010 "Status Report on Negotiations with LA Care and the Department of Health Services Ambulatory Care Restructuring," the CEO and DHS will complete negotiations and present to your Board by March 1, 2011, a provider agreement between L.A. Care and County facilities for conversion of SPDs into managed care.</p>
6. Preparation of workforce to implement the Waiver, including manpower shortage areas, training needs, and flexibility to better align resources to rapidly changing environment.	<p>Each of the key elements of the DHS strategic plan has been evaluated for its human resource and training needs. Examples of specific action steps currently underway are developing duty statements for care managers, care coordinators, and medical assistants, and identifying temporary staffing needs for HWLA enrollment. Training is scheduled for staff in the pilot medical home clinics.</p>
7. Technical assistance needed to ensure the County can immediately take advantage of this Waiver, including expertise needed to better integrate mental health and substance abuse related services with federal financing.	<p>Senior leadership from each of the three departments (DHS, DMH and DPH) are meeting and will be evaluating the technical assistance needs once an initial framework is developed [refer to item #11].</p>
8. Enrollment, revenue and expenditure projections.	<p>Existing HWLA members (68,000 total, with approximately 52,000 active members with services in the last year) will be grandfathered into the new MCE program.</p> <p>The State released its Low Income Health Program letter of intent (which was submitted on January 24, 2011) and application, which is due February 14, 2011.</p> <p>Negotiations with LA Care are underway regarding expectations for</p>

Waiver Element/Plan	Status
	the SPD enrollment into managed care. The key objective of the County is retaining the approximately 27,600 patients who use DHS for their care and another 2,700 who receive primary care from the PPPs and obtain specialty and inpatient care at DHS.
9. Regular monitoring of efforts, including any need to establish a Waiver oversight office.	DHS is developing a Waiver oversight staffing plan for CEO review targeted for February that will ensure the implementation, monitoring and reporting on Waiver milestones and programs.
10. Implementation timeline for system and infrastructure developments needed to comply with milestones and expectations established by the Waiver.	Once the framework for the DSRIP is completed, DHS will develop a plan with timeline for infrastructure investments needed to achieve implementation of all aspects of the Waiver.
11. Integration of health, mental health and substance abuse programs, including the integration of care and plans for outcome tracking across all three systems.	<p>DHS has begun meeting with DMH and DPH to discuss the inclusion of mental health and limited substance abuse benefits in the LIHP. Senior leadership from the three departments are developing a work plan that includes analysis of relevant data, development of enrollment and referral processes, plans for meeting access requirements, development of care coordination and information sharing protocols, and the establishment of integrated medical homes.</p> <p>An integrated primary care/mental health prevention and early intervention (PEI) program at El Monte Comprehensive Health Center was implemented in December, 2010. Mental health staff are now co-located within the facility and are available to conduct PEI services for HWLA members and other patients as capacity permits. This program will be expanded to five additional DHS CHCs and Multi-service Ambulatory Care Centers..</p> <p>DMH also plans to contract with selected PPPs to augment behavioral health training and services at those agencies. In order to expedite distribution of the funds, the vehicle will be through</p>

Waiver Element/Plan	Status
	amendments to current DHS HWLA contracts. However DMH will work to develop its own contracts with the PPPs for future funding.
12. Timeline and process to identify program sites to pilot the concept of patient-centered behavioral health care homes.	The three departments (DHS, DMH and DPH) have initiated meetings and will work to identify pilot program sites for patient-centered behavioral health homes.